



Student Name: Md Rakibul Islam Raj

Student ID: 2527048

Module Name: Marketing Management

Module Code: LCMB7024

Lecturer's Name: Dr Laila Maazouz

Word Count: 2555

Term 1

Table of Contents

1. INTRODUCTION	3
2. TASK 1: CRITICAL ANALYSIS OF THE MACRO MARKETING ENVIRONMENT	3
2.1 MACRO MARKETING ENVIRONMENT	3
2.2 MACRO FACTOR ANALYSIS 1: TECHNOLOGICAL FACTORS	4
2.2.1 <i>Effect on the Pioneer Organisation (Tesla)</i>	4
2.2.2 <i>Effect on the Follower Organisation (Volkswagen Group)</i>	4
2.3 MACRO FACTOR 2 ANALYSIS POLITICAL AND ENVIRONMENTAL FACTORS	5
2.3.1 <i>Pioneer Organisation Impact (Tesla)</i>	5
2.3.2 <i>Effect on the Follower Organisation (Volkswagen Group)</i>	6
3. TASK 2: STRATEGIC RESPONSES OF PIONEERING AND FOLLOWER ORGANISATIONS	7
3.1 PIONEERING ORGANISATION STRATEGIC RESPONSES (TESLA)	7
3.2 FOLLOWER ORGANISATION STRATEGIC RESPONSES (VOLKSWAGEN GROUP)	8
4. CONCLUSION	10
5. REFERENCES	10
APPENDIX.....	14

1. Introduction

Organisations that are operating in competitive and dynamic industries require strategic marketing management to gain and maintain a competitive advantage (Hague, 2019). The report is dedicated to the analysis of the impact of macroenvironmental factors on strategic decision-making in the electric vehicle (EV) industry. Demand in the EV market has been booming at a high rate owing to increasing environmental consciousness and technology innovation, as well as the active government interest in electric vehicle transportation. This has made the industry very competitive, with new entrants competing with the well-established automotive companies for market share and leadership in terms of innovation.

This report looks at two organisations that are working in the EV market: Tesla as the first mover and Volkswagen Group as the first follower. Tesla is considered an innovative company and an early entrant to the EV segment, which has a first-mover advantage, and a firm gains competitive advantages by entering the market first. This has helped the company to create a strong brand and a technological edge over other companies. Within the scope of the discussion, Volkswagen, on the contrary, has joined the EV market later and can leverage its world presence, resources, and manufacturing capacity to compete successfully.

Macro marketing environment analysis determines the opportunities and threats which are external to the strategic decisions (Kotler *et al.*, 2020). The best way to analyse these factors is through the PESTLE framework. The report will be presented in two parts, comparing the organisational response to the major macro factors and responses to the strategies.

2. Task 1: Critical Analysis of the Macro Marketing Environment

2.1 Macro Marketing Environment.

The macro marketing environment is a set of external forces that affect the work of organisations and their strategic decisions (Kotler *et al.*, 2021). These elements, which are analysed in terms of the PESTLE framework, comprise political, economic, social, technological, legal and environmental ones. Technological and political/environmental effects are special in the case of the electric vehicle (EV) industry. Processing improvements like battery invention and the charging network

result in product improvement, and the demands or economic regulations concerning product consumption and market expansion by the government influence the demand or market development. These elements play a tactical role as they predict the competitiveness, industry growth, and sustainability in the long term (Zaino *et al.*, 2024).

2.2 Macro Factor Analysis 1: Technological Factors.

2.2.1 Effect on the Pioneer Organisation (Tesla).

Technological development is another substantial opportunity for Tesla as a pioneer organisation, because it enhances its first-mover status by keeping on improving battery technology and software integration, but this advantage can easily fade as other companies use analogous innovations in the long run. Tesla has established its competitive edge by the on-going innovative battery technology, software integration, and autonomous driving technology. The firm also spends a lot of money on research and development, and that has enabled it to come up with new features like over-the-air updating high performance electric powertrains.

Electric cars are becoming cheaper, and their range has increased since 2010, with prices on batteries decreasing more than 80% (Statista, 2025), leading to increased competition in the market (Kumar and Alok, 2020). This has solidified the market presence of Tesla, because it was one of the first companies to commercialise long-range electric vehicles, but as the availability of such technologies rises, the competitors can close the divide, and Tesla loses its long-term differentiation. This means that Tesla enjoys a first-mover advantage, brand recognition and customer loyalty.

But there is also the technological change that comes off as a threat. Due to the increased availability of technology, such innovations can be picked up by competitors. This makes Tesla less distinctive in the long run. The capability of Tesla to innovate quickly enables it to be at the forefront of the market. Technological aspects improve the competitive advantage of Tesla, but need constant investment to remain strong

2.2.2 Effect on the Follower Organisation (Volkswagen Group)

In the case of Volkswagen, there are opportunities and challenges that are brought about by technology. Volkswagen embraces established technologies minimizing risk involved in research and development. But Tesla is better technologically developed

and differentiated. This eliminates the risk factor in research and development. Volkswagen has put heavy investments in electric platforms and battery manufacturing, which allows it to enter the EV market. Volkswagen invested more than 180 billion in electrification and digitalisation between 2023 and 2027 (Volkswagen Group, 2023), which speaks of its solid engagement with EV technology scaling. The financial power and the global nature of Volkswagen allow it to adopt the technology efficiently and have economies of scale that minimise cost and increase market penetration. It is, however, cost-driven, which means that it is less innovative compared to Tesla. Although still competitive, Volkswagen is dependent on the existing technologies, which undermines its technological superiority and market recognition of the brand within the EV market. Altogether, Tesla is more adaptable to technological change because of its considerable innovation potential, whereas Volkswagen is not as innovative but better-positioned for the scalability of technologies efficiently and to cost competition.

2.3 Macro Factor 2 Analysis Political and Environmental Factors.

2.3.1 Pioneer Organisation Impact (Tesla)

There is a lot of opportunity that Tesla has, alongside political and environmental effects. The world is witnessing governments coming up with policies which minimise carbon emissions and promote sustainable transportation. These include electric vehicle subsidies, tax breaks and the adoption of strict emissions standards. These policies substantially boost the demand for electric vehicles among consumers and help in the increased market expansion of the company (Sagaria *et al.*, 2024). Tesla remains extensively reliant on government incentives, which places it at risk of policy alterations (Statista, 2025).

Growing environmental awareness among consumers makes Tesla a stronger brand of a sustainable company. The transformation of the government policies, such as the guiding of subsidies and regulation variation, will be a threat to demand and profits. Nonetheless, Tesla is not deprived of a chance to take advantage of the sustainability trends to stay competitive.

These drivers make Tesla more competitive, boosting demand. Also, its dependency on its brand image based on positive regulations, providing uncertainty in other global markets.

2.3.2 Effect on the Follower Organisation (Volkswagen Group)

Volkswagen is also facing opportunities and threats posed by political and environmental aspects. Being a worldwide car firm, Volkswagen is also highly influenced by the standards on emission regulations, particularly in the European Union. Tough environmental regulations have made the company abandon the old models of internal combustion in favour of the new model of electric-powered cars. This change gives Volkswagen a chance to rebrand as a sustainable brand, but its past environmental scandals might prevent consumer confidence in the short term. The company has made an investment in EV manufacture and intends to comply with regulatory obligations, as well as target new markets (International Energy Agency, 2023). It is seen in the European Union's goal to lower CO₂ emissions 55% by 2030 (European Commission, 2023), a factor that is hastening Volkswagen to switch to electric vehicles. This is aided by government stimulus and increasing consumer consciousness.

Tesla is less pressured than Volkswagen. Being a conventional car manufacturing firm, it needs to deal with the shift from its current business to new technologies. This causes increased expenses and complexity of operation. Also, its brand reputation has been impacted by the environmental issues of the past, which increases the difficulty of earning trust in the EV market.

Regardless of these difficulties, the capacity of Volkswagen to evolve and exploit its global nature can enable it to be competitive. Political and environmental issues are hence both a key driver in the change and an element of strategic pressure on the business. Comparatively, Tesla is not as vulnerable to regulatory pressure because the company operates under a totally electric business model. Volkswagen faces significant challenges in moving past the internal combustion engines to electric vehicles.

3. Task 2: Strategic Responses of Pioneering and Follower Organisations

3.1 Pioneering Organisation strategic responses (Tesla)

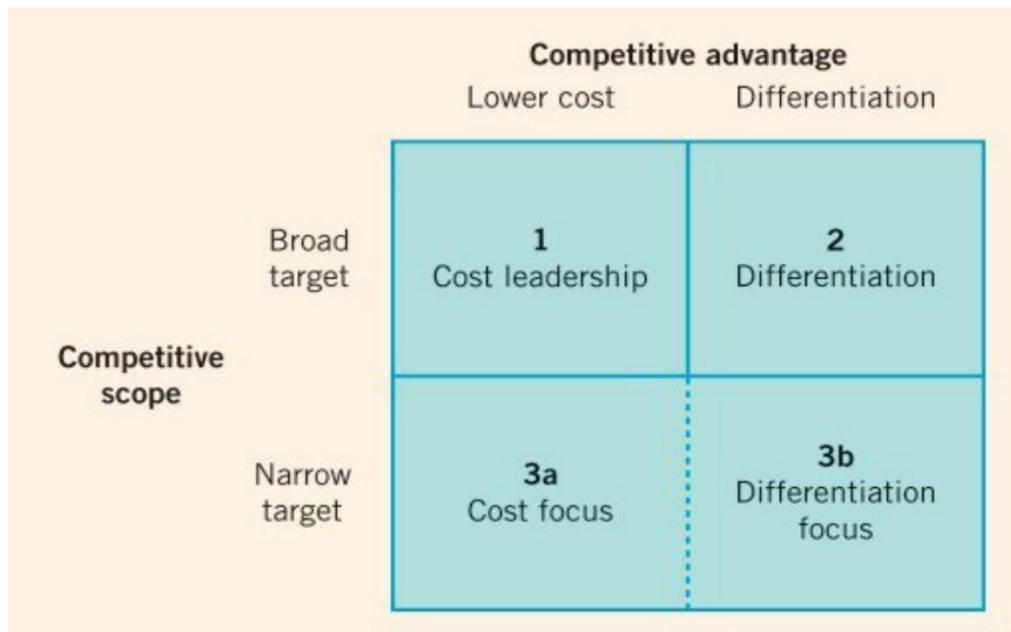


Figure: Porter's Generic Strategy Model (Johnson et al., 2017)

Tesla, being a first mover in the space of electric vehicles or EV industry, has followed strategies that have focused on innovation, differentiation, and following or leading the market in the long run (Whittington *et al.*, 2023). The differentiation strategy is a category of Porter's Generic Strategies that can be used to effectively analyse the strategy adopted by the firm in response to external threats and opportunities; this can be attributed to technological and environmental factors, to name but a few.

The differentiation initiatives employed by Tesla are providing unique value with superior product performance, strong brand identity. Using advanced technology, but its high price prevents its availability, which can hinder its expansion into the pricesensitive market. The company is also constantly engaging in research and development to enhance its battery performance, range, and independent driving abilities (Teece, 2020). One of the key outcomes of this technological-focused corporation is its emphasis on innovation and high expectations of technological progress, signified by 2023 spending over 3 billion on research and development (Tesla, 2023). For instance, Tesla's Autopilot and over-the-air software updates combine in a move of cleverness that sets it apart from the usual competitors in the

automotive space. This allows Tesla to enjoy a high market position and price above those of the competitors, but as competition increases, it might find itself paralleling competitors on the same ground.

In reaction to tech changes mediated, Tesla has created its digital ecosystem, together with charging infrastructure such as the supercharger network (Tesla, 2023). The approach means that customers are less worried about access to charging, and the user experience is generally better. It also provides a competitive deterrent, because such infrastructure is difficult to imitate and involves heavy investment and time. Therefore, Tesla uses technology not only for product as a characteristic or for strategic purposes to enhance its competitive advantages.

Sustainability is a complete strategy of Tesla as it presents itself as a leader of clean energy and takes advantage of the government bonuses, which support Tesla towards its brand and demand in the market. It is not accessible to price-sensitive consumers due to its high prices, and it might face supreme competition to decrease its differentiation advantage. Furthermore, fast growth poses challenges to operational procedures, such as a decrease in the speed of production and supply chain problems (Kilari, 2019). These weaknesses have not affected Tesla negatively because of its solid innovation capacity and first-mover advantage that help its business to stay competitive and react appropriately to the external environment and political factors. Overall, the consequence of Tesla's differentiation strategy allows it to exploit the technological opportunities and environmental trends. Strong long-range growth prospects. The ability of the company to innovate, to build a strong brand, and to develop a unique customer experience is behind the company's long-term competitive advantage. Remaining hold on this advantage requires a continuous investment and strategic adaptation in an increasingly competitive market.

3.2 Follower Organisation strategic responses (Volkswagen Group)

As a latecomer in the EV sector, Volkswagen uses another strategy to compete with innovative companies like Tesla. Its strategy is focused on the topics of scale, efficiency, and market growth. It can be analysed based on Porter's Generic Strategies, specifically the cost leadership strategy, in combination with some aspects of market penetration (Islami *et al.*, 2020).

Volkswagen uses its factories all over the world and has built a supply chain to manufacture and market electric cars at a lower price (Ghani *et al.*, 2025). Although

this cost-efficient strategy can restrict its brand in terms of positioning it in the market of EVs. Unlike Tesla, Volkswagen wants to bring EVs down a notch. This strategy helps the company gain the attention of price sensitive customer and gain more market share.

Volkswagen has responded to technological factors by spending big on its own electric vehicle platforms, including MEB. The platform is standardised, enabling the firm to manufacture several EV models very efficiently, saving on costs and increasing economies of scale (Rong *et al.*, 2017). The cost leadership strategy is supported by the scale advantage apparent in Volkswagen, a global manufacturer of vehicles with a yearly productivity of over 9 million vehicles (Statista, 2025). Embracing established technologies instead of creating a completely new one would help Volkswagen lower the risk and speed up its entry into the market.

Volkswagen is also a company sensitive to political and environmental pressures, having committed itself to sustainability goals and the reduction of carbon emissions. The company has also declared its intentions to switch to electric mobility and invest in battery production and renewable energy. Part of this strategic change can be blamed on stringent environmental policies, particularly in Europe. By seeing its strategy align with the requirements set down by the regulators, Volkswagen is ensuring its company meets these requirements and is viewed in the best light by customers around the world.

One of the things that has been so powerful about the Volkswagen strategy is that it's easily scalable. The presence across the globe and an efficient network of distributors help the firm to introduce EV models to different markets simultaneously (Statista, 2025). This offers a great persuasive point in gaining a wide base of customers and gaining market share based on affordability (Bhat and Verma, 2023). Instead of enhancing competitiveness with innovation may undermine long-term competitive footprint.

Volkswagen has several challenges, such as less differentiation of its products since it focuses on cost leadership, thus affecting brand loyalty. Its switch to electric current is expensive and complicated. Also, the brand perception is weaker in relation to Tesla, which has an impact on Tesla's innovation image. The emphasis of Volkswagen on cost-efficiency, volumes, and the international scope facilitates business growth and allows it to retain its competitiveness, even though it is not as innovative as Tesla

(Freppert *et al.*, 2024).

4. Conclusion

This report examined how macro environmental factors influenced strategy marketing choices in the electric vehicle (EV) business, with Tesla as the first mover and Volkswagen as the competitor. Market growth and competition were seen to be caused by technological and political/environmental factors. Tesla enjoys a high level of differentiation and early innovation, which keeps its position in the premium market. Conversely, Volkswagen takes on a cost leadership strategy, which uses volume and low cost to serve the mass market. Though both companies have problems, the difference in their strategies shows a dissimilar reaction to the same external force. The importance of environmental scanning in finding the opportunities and threats affecting organisational performance is highlighted in the report. Using frameworks like PESTLE helps firms to understand what's changing on the outside and helps them make informed decisions regarding their planning strategies. Adaptive marketing responses are part and parcel of ongoing competitiveness in a fast-paced, changing industry. Overall, organisations that better 'fit' strategies according to external environmental factors are in fact more likely to be able to sustain their long-term competitive advantage. Altogether, Tesla is now in a more advantageous situation thanks to its technologically developed position, good brand recognition, and innovation strategy. Volkswagen might be better placed to survive over time because it is cost-effective and has a global reach. It can sell to the mass market, which means that overall competitiveness in the EV market will be a balance between innovation and affordability.

5. References

Bhat, F. A., and Verma, A. (2023). A bibliometric analysis and review of the adoption behaviour of electric vehicles. *Transportation in developing economies*, 9(1), 5.

<https://link.springer.com/article/10.1007/S40890-022-00175-2>

European Commission (2023). *Reducing CO₂ emissions from passenger cars*.

<https://www.eca.europa.eu/en/publications?ref=SR-2024-01>

Freppert, A., Mehn, N., Pereira, A., and Teixeira, T. (2024). Volkswagen: Organisational Evolution, Strategic Development and Leadership Dynamics. *Educational Research (IJMCER)*, 6(2), 173-180.

https://www.ijmcer.com/wp-content/uploads/2024/05/IJMCER_P06201730180.pdf

Ghani, A. A., Abdullah, N., Saidur, R., and Pandey, A. K. (2025). Assessing technology-

driven challenges and policies associated with electric vehicle (EV) adoption.

Transport Policy, 169, 167-177.

<https://www.sciencedirect.com/science/article/pii/S0967070X25001726>

Hague, P. (2019). *The Business Models Handbook: Templates, Theory and Case Studies*. London: Kogan Page.

Hooley, G.J., Nicoulaud, B., Rudd, J.M. and Lee, N. (2020) *Marketing strategy and competitive positioning*. 7th edn. Harlow: Pearson.

International Energy Agency (IEA) (2023) *Global EV Outlook 2023*. Paris: IEA.

<https://www.iea.org/reports/global-ev-outlook-2023>

Islami, X., Mustafa, N., and Topuzovska Latkovikj, M. (2020). Linking Porter's generic strategies to firm performance. *Future Business Journal*, 6(1), 3.

<https://link.springer.com/article/10.1186/s43093-020-0009-1>

Johnson, G., Whittington, R., Scholes, K., Angwin, D., and Regnér, P. (2017). *Exploring strategy: text and cases*. Eleventh edition. Harlow: Pearson Education Limited.

Kilari, S. D. (2019). The Impact of Advanced Manufacturing on the Efficiency and Scalability of Electric Vehicle Production. *Available at SSRN 5162007*.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5162007

Kotler, P., Armstrong, G., Harris, L.C. and Piercy, N. (2020). *Principles of marketing*.

8th European edn. Harlow: Pearson.

Kotler, P., Keller, K.L. and Chernev, A. (2021). *Marketing management*. 16th edn.

Harlow: Pearson.

Kumar, R. R., and Alok, K. (2020). Adoption of electric vehicle: A literature review and prospects for sustainability. *Journal of Cleaner*

Production, 253, 119911.

<https://www.sciencedirect.com/science/article/pii/S095965261934781X>

Rong, K., Shi, Y., Shang, T., Chen, Y., and Hao, H. (2017). Organising business ecosystems in the emerging electric vehicle industry: Structure, mechanism, and integrated configuration. *Energy Policy*, 107, 234-247.

<https://www.sciencedirect.com/science/article/pii/S0301421517302677>

Sagaria, S., Van Der Kam, M., and Boström, T. (2024). The influence of socio-technical variables on vehicle-to-grid technology. *Energy*, 305, 132299.

<https://www.sciencedirect.com/science/article/pii/S0360544224020735>

Statista (2025) *Leading electric vehicle manufacturers worldwide by sales.*

<https://www.statista.com/topics/1010/electricmobility/?srsltid=AfmBOorgbnEkl2VVzhgd-x->

[WktAaP9CLkzo5uX2TaAGnD0TirbWggvwY](https://www.statista.com/topics/1010/electricmobility/?srsltid=AfmBOorgbnEkl2VVzhgd-x-WktAaP9CLkzo5uX2TaAGnD0TirbWggvwY)

Statista (2025). *Electric vehicle battery cost per kWh worldwide.*

<https://www.statista.com/topics/13821/battery-prices->

[worldwide/?srsltid=AfmBOoqQ9VkgIVkBDWNk3k4vjVAZOC9qmhJWoaRYeMQ4aFsYq_l8cs8U](https://www.statista.com/topics/13821/battery-prices-worldwide/?srsltid=AfmBOoqQ9VkgIVkBDWNk3k4vjVAZOC9qmhJWoaRYeMQ4aFsYq_l8cs8U)

Statista (2025). *Global electric vehicle sales growth.*

<https://www.statista.com/outlook/mmo/electric->

[vehicles/worldwide?srsltid=AfmBOopBcLnBuMhQ3S6VxsASdbkWLD3HDnlfv_2jEP1Ct-FHGsLkpyJ0](https://www.statista.com/outlook/mmo/electric-vehicles/worldwide?srsltid=AfmBOopBcLnBuMhQ3S6VxsASdbkWLD3HDnlfv_2jEP1Ct-FHGsLkpyJ0)

Teece, D. J. (2020). Hand in glove: Open innovation and the dynamic capabilities framework. *Strategic Management Review*, 1(2), 233-253.

<https://www.emerald.com/smr/article/1/2/233/1321395>

Tesla (2023) *Annual Report 2023.*

<https://ir.tesla.com/flysystem/s3/sec/000162828024002390/tsla-20231231-gen.pdf>

Volkswagen Group (2023) *Annual Report 2023.*

<https://www.volkswagengroup.com/en/publications/more/annual-report-2023-2671>

Whittington, R., Regnér, P., Angwin, D., Johnson, G. and Scholes, K. (2023). *Exploring strategy: text and cases*. 13th edn. Harlow: Pearson.

Zaino, R., Ahmed, V., Alhammadi, A. M., and Alghoush, M. (2024). Electric vehicle adoption: A comprehensive systematic review of technological, environmental, organizational and policy impacts. *World electric vehicle journal*, 15(8), 375.

<https://www.mdpi.com/2032-6653/15/8/375>

Appendix

Company Overview

Company	Role	Country	Key Strategy
Tesla	Pioneer	United States	Differentiation (innovation, premium positioning)
Volkswagen Group	Follower	Germany	Cost Leadership (scale, affordability)

PESTLE Framework Summary

The PESTLE framework is used to analyse the external factors of the macroenvironment when they impact organisations

- Political: Policies of the governments, EV rewards, emission regulations
- Economic: Levels of income, inflation, cost of production
- Social: Consumer attitude, awareness of sustainable
- Technological: Battery Innovation, automation, R&D
- Legal: Compliance, Safety standards, Environmental laws
- Environmental: Climate change - pressure to reduce carbon

Porter's Generic Strategies

Porter's model explains how firms can achieve a competitive advantage:

- Cost Leadership: Efficiency and scale: Low cost
- Differentiation: Point Of Difference: Innovation and Branding
- Cost Focus: Low cost in a particular niche market
- Differentiation Focus: Differentiation in market niche